

October 19, 2026 | By Clara Wilson

Ballot Measures Restricting State Revenues and Citizen Initiatives Would Impede Needed Investments and Supports

Voters across the country will decide state ballot measures in the November elections that would reduce state lawmakers' ability to raise revenue, restrict local governments' agency to set their own tax policies, and limit voters' ability to enact policies directly through citizen initiatives. Though they take different forms, these measures all weaken democratic processes in states by narrowing the options available to address public priorities and invest in the services and supports families rely on.

These restrictions could become especially consequential as states face growing fiscal pressures. Following historically deep cuts to health care and food assistance in the harmful 2025 Republican reconciliation law, states will face new SNAP costs in 2027, along with Medicaid work requirements and restrictions on provider taxes that will hinder states' ability to raise revenue needed to finance their Medicaid programs.¹ At the same time, many states face budget challenges stemming from their own recent policy choices, including widespread income tax cuts (a number of states enacted additional tax cuts this year), costly private school voucher programs, and a growing number of property tax cuts and caps.² Together, these pressures will make it much harder for states to invest in K-12 education, child care, health care, and other public services that help people and communities thrive.

"State and local governments need flexibility and sufficient revenue to respond to pressing challenges in both good times and bad. Yet, some November measures would do the opposite."

State and local governments need flexibility and sufficient revenue to respond to pressing challenges in both good times and bad.³ Yet, some November measures would do the opposite by locking tax restrictions into a state's laws or constitution, reducing policymakers' options to address fiscal challenges and increasing reliance on revenue sources like sales taxes and fines and fees, which ask more of people earning the least. Some measures before voters this November would also strip local lawmakers of power over raising needed revenues, which could sharply erode communities' ability to adequately support K-12 schools, emergency services, libraries, and other needs.⁴

Notably, in August, Missouri voters took a different approach by overwhelmingly rejecting a measure that would have required lawmakers to phase out the individual income tax while expanding sales taxes.⁵ This defeat by Missouri voters will ensure that the tax burden is not heavily shifted to low- and middle-income households and that state policymakers retain much-needed flexibility to set budget and tax policies that align with the needs of the state as those needs change.

Measures Restricting State Revenue-Raising Options

Arizona

Lawmakers referred Proposition 316 to the ballot.⁶ The measure would cap local grocery sales taxes at 2 percent and require voter approval for any future increases. Although taxing groceries has important drawbacks, 70 cities and towns in Arizona – including many rural communities – still do so, in part because state law restricts other local revenue sources like property or income taxes.⁷

California

Voters will consider a proposed wealth tax: Proposition 40, which would impose a one-time, 5 percent tax on certain taxpayers with assets over \$1 billion.⁸ The measure would raise billions of dollars for health care, food assistance, and education and exempt that revenue from the state's spending cap.

But voters will also consider two competing ballot measures that could determine Prop. 40's future. Propositions 41 and 42 contain a series of provisions designed to functionally invalidate Prop. 40. Prop 42 would go even further and amend the state's constitution to prohibit future wealth taxes.⁹ If either measure passes with more votes than Prop. 40, it would eliminate the wealth tax's projected revenue.¹⁰

Florida

Lawmakers referred a constitutional amendment to the ballot that would exempt the first \$250,000 in property value from non-school-related property taxes on primary homes, lower the allowable increase in property assessments each year for non-homesteaded properties, and allow future legislatures to create a plan to fully eliminate non-school property taxes on homesteads.¹¹

If the ballot measure passes, the state would lose \$13.7 billion in the first two years of implementation, starting in 2027.¹² Also, Florida's public hospital districts and health systems, many of which have the authority to levy property taxes, would lose an estimated \$323 million in revenue across fiscal years 2027–28 and 2028–29. This could reduce access to health care, cause staffing shortages, and limit public health support to Floridians with low incomes.¹³

Iowa

Lawmakers placed a constitutional amendment on the ballot requiring a two-thirds vote of both chambers of the legislature to raise personal and corporate income taxes, while tax cuts would still need only a simple majority. The measure would make it harder to address revenue shortfalls – while passing budget-busting tax cuts would remain far easier; Iowa already faces a nearly \$1 billion deficit in the current 2027 fiscal year after slashing the state's income tax.¹⁴

Oklahoma adopted a similar requirement in 1992, then went 26 years without a tax increase, contributing to steep cuts in health care, infrastructure, and education and forcing some schools to operate on four-day weeks.¹⁵

North Carolina

Lawmakers advanced two constitutional amendments this year that would severely limit revenue raising in the state. One would cut the maximum personal and corporate income tax rate in half (from 7 percent to 3.5 percent), permanently locking in tax cuts for the wealthy and corporations enacted over the past 13 years, and undermining policymakers' flexibility to adjust their fiscal policies over time.¹⁶ This would cost the state \$17 billion in annual revenue – an amount that would grow over time – from personal and corporate income taxes, reducing funding available for priorities such as raising teacher salaries, expanding first-time homebuyer assistance, and making child care more affordable.¹⁷

Lawmakers also placed a second constitutional amendment on the ballot that would require the General Assembly to cap local property taxes.¹⁸ The amendment does not specify a levy limit, making it very difficult for local governments to prepare for or predict future revenue shortfalls that could jeopardize local services like parks and libraries.

Oklahoma

Lawmakers placed a constitutional amendment on the ballot that would lower the annual growth limit in property values, regardless of changes in their market value, from 3 percent to 1.75 percent for homestead properties and from 5 percent to 4 percent for other properties.¹⁹ These limits would result in estimated revenue losses of nearly \$600 million by 2037.²⁰

Washington State

Initiative 645, promoted by hedge fund founder Brian Heywood and his political action committee, received enough signatures to be placed on the November ballot.²¹ It would repeal Washington's new millionaires' tax and ban future state or local taxes on income.²² The measure broadly defines income to include gains or benefits derived from capital, labor, property, or other sources, raising the risk it could invalidate the state's capital gains tax as well.²³

Slated to start in 2029, the millionaires' tax will tax annual income above \$1 million at 9.9 percent, raising more than \$3 billion annually.²⁴ These funds will enable the state to expand tax benefits for working families and small businesses, invest in child care and early learning, and bolster a range of services supported through flexible state general funds. But if Initiative 645 passes, the state will lose that revenue and the ability to tax wealthy households' income in the future.

Measures Restricting Citizen Initiatives

A number of other measures on state ballots this year would restrict the citizen initiative process, which allows voters in 19 states to place statutes or constitutional amendments on the ballot.²⁵ Through citizen initiatives, voters have enacted policies such as raising the minimum wage, expanding Medicaid, and raising revenue when policymakers failed to.²⁶

Recently, though, a growing number of states have restricted the process by imposing higher thresholds for proposals to pass (like supermajority requirements), making it harder for proposals to get on the ballot in the first place, and making it easier for lawmakers to gut them even if voters approve them.²⁷ Restricting the citizen initiative process weakens an alternative path for raising revenue when state and local lawmakers lack the revenue or political will to invest in important programs and services.

In August, Missouri voters considered a measure that would have required citizen-initiated constitutional amendments to win majority support in *every single congressional district* rather than statewide; they rejected it overwhelmingly.²⁸ However, other measures increasing restrictions on the citizen initiative process are on November ballots in California, North Dakota, South Dakota, and Utah.²⁹

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With states facing growing budget pressures, voters must decide whether to preserve their ability to fund essential services and respond to future needs or impose restrictions that could worsen budget shortfalls and limit future decisions about taxes and public investments. These choices will have lasting impacts on states' ability to support public schools, health care, and other services that families and communities rely on.

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